PETROLEUM STORAGE TANK INSURANCE FUND

(A Major Fund of the State of Missouri)

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2015

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GRAVES and ASSOCIATES, CPAs, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Petroleum Storage Tank Insurance Fund
Jefferson City, Missouri:

We have audited the accompanying financial statements of the business-type activities of the Petroleum Storage Tank Insurance Fund (a major fund of the State of Missouri) ("PSTIF") as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the PSTIF as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2015, on our consideration of the PSTIF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PSTIF's internal control over financial reporting and compliance.

Graves and Associates,
CPAS, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 17, 2015

PETROLEUM STORAGE TANK INSURANCE FUND
(A Major Fund of the State of Missouri)

Statement of Net Position (Accumulated Deficit)
June 30, 2015

Assets		
Current Assets:		
Pooled Cash and Cash Equivalents	$	63,903,816
Transport Load Receivable, Net of Allowance of $286,786		1,488,780
Interest Receivable		80,628
Other Receivables		466
Total Current Assets		65,473,690
Non-Current Assets:		
Capital Assets, Net of Accumulated Depreciation of $154,568		13,902
Total Non-Current Assets		13,902
Total Assets		65,487,592
Deferred Outflows of Resources		
Contributions to MOSERS		157,694
Proportionate Share		4,421
Total Deferred Outflows of Resources		162,115

See accompanying Notes to the Financial Statements.

PETROLEUM STORAGE TANK INSURANCE FUND
(A Major Fund of the State of Missouri)

Statement of Net Position (Accumulated Deficit)
June 30, 2015

(Continued)

Liabilities		
Current Liabilities:		
Accounts Payable	$	4,976
Deferred Revenue		539,347
Loss Contingency		2,500,000
Deferred Claims Payment		956,348
Claims Liability - Current		12,250,000
Compensated Absences		117,670
Total Current Liabilities		16,368,341
Non-Current Liabilities:		
Claims Liability - Non-Current		73,803,656
Net Pension Liability		989,515
Total Non-Current Liabilities		74,793,171
Total Liabilities		91,161,512
Deferred Inflows of Resources		330,812
Net Position (Accumulated Deficit)		
Invested in Capital Assets, Net of Related Debt		13,902
Unrestricted Net Position (Accumulated Deficit)		(25,856,521)
Total Net Position (Accumulated Deficit)	$	(25,842,619)

See accompanying Notes to the Financial Statements.

PETROLEUM STORAGE TANK INSURANCE FUND
(A Major Fund of the State of Missouri)

Statement of Revenues, Expenses, and Changes in Fund Net Position (Accumulated Deficit)
For the Year Ended June 30, 2015

Operating Revenues:		
Transport Load, Initial Tank, and Participation Fees	$	12,584,816
Recoveries		1,300,000
Miscellenous Income		869
Total Operating Revenues		13,885,685
Operating Expenses:		
Personal Services and Fringe Benefits		1,643,436
Operations		3,866,120
Specific Programs - Claim Expenses		9,195,643
Depreciation		4,880
Total Operating Expenses		14,710,079
Operating Income (Loss)		(824,394)
Non-Operating Revenues (Expenses)		
Investment Earnings		324,054
Total Non-Operating Revenues (Expenses)		324,054
Net Income (Loss)		(500,340)
Total Net Position (Accumulated Deficit), Beginning of Year - Restated		(25,342,279)
Total Net Position (Accumulated Deficit), End of Year	$	(25,842,619)

See accompanying Notes to the Financial Statements.

PETROLEUM STORAGE TANK INSURANCE FUND
(A Major Fund of the State of Missouri)

Statement of Cash Flows
For the Year Ended June 30, 2015

Cash Flows Provided (Used) by Operating Activities:		
Cash Received from Customers and Users	$	14,556,511
Cash Payments to Employees		(1,630,684)
Cash Payments to Vendors for Goods and Services		(3,864,697)
Adjustments to Claims Reserves		(12,495,299)
Net Cash Provided (Used) by Operating Activities		(3,434,169)
Cash Flows Provided (Used) by Investing Activities:		
Purchase of Capital Assets		(1,953)
Interest on Cash and Investments		325,696
Net Cash Provided (Used) by Investing Activities		323,743
Cash Flows from Noncapital Financing Activities:		
Contributions to MOSERS		(6,948)
Net Proportionare Share		326,391
Net Pension Liability		(370,480)
Net Cash Provided (Used) by Noncapital Financing Activities		(51,037)
Net Increase (Decrease) in Cash and Cash Equivalents		(3,161,463)
Cash and Cash Equivalents - Beginning of Year		67,065,279
Cash and Cash Equivalents - End of Year	$	63,903,816

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	$	(824,394)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation		4,880
Decrease/(Increase) in Accounts Receivable		(97,114)
Increase/(Decrease) in Accounts Payable		1,423
Increase/(Decrease) in Deferred Revenue		767,940
Increase/(Decrease) in Compensated Absences		12,752
Increase/(Decrease) in Claims Payable		(3,299,656)
Total Adjustments		(2,609,775)
Net Cash Provided (Used) by Operating Activities	$	(3,434,169)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the PSTIF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund type are pooled with the State of Missouri. See accompanying Notes to the Financial Statements.

NOTE 1 – FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Petroleum Storage Tank Insurance Fund (a major fund of the State of Missouri) (the "PSTIF"), created by Section 319.129 RSMo in 1989, is an independent, self-supporting, governmental entity governed by an eleven member board of trustees. State law indicates that the PSTIF will expire on December 31, 2020, with the exception of completing payment of claims made prior to that date. The purpose of the PSTIF is to provide insurance coverage for petroleum storage tank owners for the expenses of cleaning up a leak, as well as third-party property damage and bodily injury resulting from leaks. The law requires the owner/operator to comply with certain Department of Natural Resources (DNR) and Department of Agriculture operating requirements in order to be insured. In addition, the PSTIF reimburses for the expenses to clean up sites where petroleum storage tanks have been closed if they meet certain criteria.

Financial Reporting Entity

The PSTIF is a major fund of the State of Missouri (the "State"), as defined by Governmental Accounting Standards Board (GASB) Statement No. 34.

These financial statements include those transactions under the operational control of the PSTIF's Board of Trustees, as well as transactions under the control of other state agencies that receive appropriations from the PSTIF.

Basis of Presentation

The PSTIF accounts for its activities as an enterprise fund, a type of proprietary fund. Proprietary funds are used to account for ongoing activities that are similar to activities found in the private sector. The measurement focus is upon determination of net income.

Specifically, enterprise funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Method of Accounting

The accrual basis of accounting is utilized for the PSTIF. With this measurement focus, revenues are recognized when earned and expenses are recorded when incurred. The PSTIF recognizes revenue on transport load fees based on when the fee was incurred by the transporter. Participation fees are earned based on the period in which the owner/operator is being insured. The PSTIF recognizes claims reserve liabilities and the related expenses when the PSTIF becomes aware of contamination at a storage tank site and estimates the costs to clean up the contamination.

NOTE 1 – FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deposits and Investments

Pooled cash and cash equivalents include cash and short-term investments with a maturity of three months or less from the date of purchase, which are invested by the State Treasurer as part of the State's cash pool. All deposit and investment risk is controlled by the State Treasurer. Information concerning the State's deposit and investment risks may be found in the State's Comprehensive Annual Financial Report. Because claims are paid incrementally over an extended period, investment income has a significant impact on the present value of ultimate losses.

Receivables and Uncollectible Accounts

Accounts receivable are comprised of transport load fees due to the State. The PSTIF has provided for an allowance for doubtful accounts related to state billings totaling $286,786 where the State has filed proceedings on bankruptcy against some companies, and for billings that are more than twelve months old.

Capital Assets

All capital assets for the PSTIF (held both by the PSTIF and DNR) with useful lives of more than one year and valued at greater than $1,000 are stated at historical cost. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method with estimated useful lives from 3 to 5 years. The DNR calculates the depreciation on its applicable assets and provides the amounts to the PSTIF. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 1 – FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fees

The PSTIF receives the following fee revenues:

Transport load fee – Fee upon each load of petroleum brought into the State. This fee is currently $20 per 8,000 gallons of petroleum.

Tank fee – One-time fee of $100 per tank paid by the tank owners and operators for participation in the PSTIF.

Participation fee – A fee paid by the tank owners and operators who apply for and receive insurance coverage from the PSTIF. The fee is assessed on each tank insured annually. This fee currently ranges from $100 to $200 per tank insured.

Classification of Operating and Non-Operating Revenue

The PSTIF has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as charges for program participation. Also included in operating revenues are transport load fees, which the State has identified as the primary source of program funding.

Non-operating revenues – Non-operating revenues include interest on deposits and investments.

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. Restricted assets are used first when both restricted and unrestricted assets could be used for the same purpose. The PSTIF currently has no restricted assets.

NOTE 1 – FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Employee Fringe Benefits

State employees, including those employed by or paid from the PSTIF are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the State's healthcare, optional life insurance, deferred compensation, and cafeteria plans. The optional life insurance, cafeteria plan, and deferred compensation plan involve only employee contributions or payroll deductions.

The State's required contributions for employee fringe benefits are paid from the same funds as the related payroll. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits), social security and Medicare taxes and healthcare premiums. For information on the State's fringe benefits, see the States Comprehensive Annual Financial Report.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance

PSTIF had a deficit fund balance at June 30, 2015, of ($24,684,407). Under Section 319.132, RSMo, the Board of Trustees has authority to increase the transport load fee to a maximum of $60 per 8,000 gallons. In addition, under Section 319.133, RSMo, the Board can increase annual participation fees to a maximum of $500 per tank per year.

These facts, along with the knowledge that PSTIF's claim reserves are set using very conservative assumptions, assure that adequate revenues will be available to meet its liabilities.

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION:

The activity of the capital assets and accumulated depreciation for the year ended was as follows:

Capital Assets	
Balance-Beginning	$ 189,560
Additions	1,953
Disposals	(23,043)
Balance-Ending	168,470
Accumulated Depreciation	
Balance-Beginning	172,731
Additions	4,880
Disposals	(23,043)
Balance-Ending	154,568
Capital Assets, Net	$ 13,902

Depreciation expense was $4,880 for the year ended.

NOTE 4 – COMPENSATED ABSENCES:

State employees, including those employed by or paid by the PSTIF, are granted vacation, sick, and compensatory leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation and compensatory hours. Employees are not paid for accumulated sick leave upon termination. The amounts of accrued vacation and compensatory hours are included in accrued liabilities as a current liability in the accompanying Statement of Net Position. The costs of sick leave are recorded when paid and are not accrued. The total compensated absences as of the year ended were $117,670.

NOTE 5 – CLAIMS LIABILITY:

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. The PSTIF has claims liability for the cost of contamination cleanup for policyholders and other eligible site owners who have submitted notice of a contamination. Because actual claims liabilities depend on such complex factors the process used in computing claims liability does not necessarily result in that exact amount. These liabilities are reported as part of the total claims liability at year end. Claims liabilities are reevaluated continually on each case to take into consideration recently settled claims, additional cost considerations, and other economic and social factors.

NOTE 5 – CLAIMS LIABILITY: (Continued)

The Fund normally conducts an actuarial analysis of its loss and loss adjustment expense reserves every other year. The most recent analysis was performed for the year ended June 30, 2015. In this actuarial report, the actuary did not project a material change in the Incurred But Not Reported ("IBNR") reserves based on historical payment and reporting patterns experienced by the client.

The PSTIF's reconciliation of its beginning and ending claims liabilities is summarized as follows:

Claims liability at beginning of year	$ 89,353,313
Claims payments	(12,495,300)
Fraud recovery – claims payments	1,300,000
Current year claims and estimates changes	7,895,643
Claims liability at end of year	$ 86,053,656

NOTE 6 – CONTINGENCIES:

Litigation - Various claims and lawsuits are possible against the PSTIF.

On September 16, 2011, a trial court issued judgment in one case which included a punitive damage award against the PSTIF of $2,500,000. An appeal was filed with the Western District appellate court on September 23, 2011, to reduce or eliminate punitive and actual damages awarded. On February 14, 2014, the Missouri Court of Appeals reduced the punitive damage judgment to $860,505. A motion for transfer of the case to the Missouri Supreme Court was filed and has been accepted. Acceptance reverses the Missouri Court of Appeals reduction. The case has been briefed and argued before the Missouri Supreme Court and a decision is pending.

NOTE 7 – CONCENTRATIONS:

Revenues:
The PSTIF receives approximately 100% of its revenue from a single industry.

NOTE 8 – COMMITMENTS:

The PSTIF contracts with a third party administrator to provide claims management, administrative services, record keeping, data management, and special projects.

NOTE 9 – RELATED PARTY TRANSACTIONS:

Some members of the Board also participate in fund operations in the normal course of business by way of fees paid from their businesses.

As of the year ended, three related parties paid insurance participation fees in the amount of approximately $135,288, to PSTIF. There were no outstanding receivables from these parties as of the year ended.

During the year, three related parties received payments in the amount of approximately $1,068,119, from PSTIF. Claim reserves in the amount of approximately $4,423,523, for these related parties' claims were estimated by PSTIF as of the year ended and were included in short-term and long-term liabilities. Specific identification of the short-term and the long-term portion of these claims cannot be readily determined. Therefore, they have not been separately identified on the Statement of Net Position (Accumulated Deficit).

NOTE 10 - PENSION PLANS:

General Information about the Pension Plan

Plan Description. Benefit eligible employees of PSTIF are provided with pensions through Missouri State Employees' Retirement System ("MOSERS") - a cost-sharing multiple-employer defined benefit pension plan. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related PSTIF employees. MOSERS issues an annual Comprehensive Annual Financial Report (CAFR), a publicly available financial report that can be obtained at www.mosers.org.

Benefits Provided. MOSERS provides retirement, disability, and life insurance benefits to eligible employees. The base retirement benefits are calculated by multiplying the employee's final average pay by a specific factor multiplied by the years of credited service. The factor is based on the specific plan in which the employee participates, which is based on the employee's hire date. Information on the three plans administered by MOSERS (MSEP, MSEP 2000, and MSEP2011 retirement plans) and how eligibility and the benefit amount is determined for each plan may be found in the Notes to the Financial Statements of MOSERS' CAFR starting on page 30.

NOTE 10 - PENSION PLANS: (Continued)

Contributions. Per Chapter 104.436 of the Revised Statutes of Missouri, contribution requirements of the active employees and the participating employers are established and may be amended by the MOSERS Board. Employees in the MSEP2011 Plan are required to contribute 4.0 percent of their annual pay. PSTIF's required contribution rate for the year ended June 30, 2015, was 16.97 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The contribution rate for the MOSERS plan year ended June 30, 2014 was 16.98 percent, which is the year of measurement for the net pension liability. Contributions to the pension plan from PSTIF were $150,746 for the year ended June 30, 2014.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, PSTIF reported a liability of $989,515 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

PSTIF's proportion of the net pension liability was based on PSTIF's actual share of contributions to the pension plan relative to the actual contributions of all participating employers for MOSERS plan year ended June 30, 2014. At June 30, 2014, PSTIF's proportion was 0.0462 percent, which remained unchanged from the percentage used to allocate the liability as of June 30, 2013, since this was the initial implementation year.

There were no changes in benefit terms during the MOSERS plan year ended June 30, 2014, that affected the measurement of total pension liability.

For the year ended June 30, 2015, PSTIF recognized pension expense of $106,656. At June 30, 2015, PSTIF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 10 - PENSION PLANS: (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 4,421	$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	330,812
Changes in Proportion and Differences Between Fund Contributions and Proportionate Share of Contributions	-	-
Fund Contributions Subsequent to the Measurement Date of June 30, 2014	157,694	-
Total	$ 162,115	$ 330,812

The $157,694 reported as deferred outflows of resources related to pensions resulting from PSTIF contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources ($4,421) and deferred inflows of resources ($330,812) related to pensions will be recognized in pension expense (on a net basis) in PSTIF's fiscal year following MOSERS' fiscal year as follows:

Plan Year Ending:

2015	$ (77,911)
2016	(77,911)
2017	(78,086)
2018	(92,483)
2019	-
Thereafter	-
Total	$ (326,391)

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation, which is also the date of measurement for GASB 68 purposes, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent, approximate
Salary increases	3.0 to 5.9 percent annually, average, including inflation
Investment rate of return	8.0 percent per year, compounded annually, net after investment expenses and including inflation

NOTE 10 - PENSION PLANS: (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 combined healthy mortality table projected to 2016 with Scale AA. The pre-retirement mortality rates used were 100% of the post-retirement mortality rates for males and 80% of the post-retirement mortality for females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2011. As a result of the 2011 actuarial experience study, the MOSERS Board made various demographic assumption changes to more closely reflect actual experience. The most significant change was lowering the assumed annual investment rate of return from 8.5 percent to 8 percent.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates rates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in MOSERS target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Policy Allocation	Long-Term Expected Real Rate of Return *	Weighted Average Long-Term Expected Real Rate of Return
Beta Balanced	76.60%	5.70%	4.40%
Illiquids **	19.20%	7.30%	1.40%
Old Portfolio ***	4.20%	6.00%	0.20%
	100.00%		6.00%

*Represent best estimates of geometric rates of return for each major asset class included.
** Illiquid portfolio upper limit of 27.5% of capital, no new commitments past 23%.
*** As of June 30, 2014, MOSERS was in the final stages of transitioning from a portfolio allocation consisting of 45% public equities, 30% public debt, and 25%alternative investments (old portfolio) to a new target allocation of 80% beta-balanced and 20% illiquids.

NOTE 10 - PENSION PLANS: (Continued)

Discount rate. The discount rate used to measure the total pension liability was 8.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of PSTIF's proportionate share of the net pension liability to changes in the discount rate. The following presents PSTIF's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what PSTIF's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
PSTIF's Proportionate Share of the Net Pension Liability	$ 1,689,129	$ 1,089,031	$ 582,855

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MOSERS financial report.

Payables to the pension plan

As of June 30, 2015, PSTIF did not report any payables to MOSERS.

NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS:

The PSTIF has evaluated subsequent events through November 17, 2015, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Petroleum Storage Tank Insurance Fund
Schedule of PSTIF's Proportionate Share of the Net Pension Liability
Missouri State Employee's Retirement System
June 30, 2015

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/15	0.0462%	$989,515	$903,673	110%	79.49%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.
* Based on measurement date and actuarial valuation as of the end of the preceding year.

Petroleum Storage Tank Insurance Fund
Schedule of Employer Contributions
Missouri State Employee's Retirement System
June 30, 2015

Year Ending	Contractually Required to Contribute	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	$ 150,733	$ 150,733	$ -	$ 903,599	16.68%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Figures are determined on the PSTIF's proportionate share of the State of Missouri's contributions (.05612 percent).

SUPPLEMENTARY INFORMATION

GRAVES and ASSOCIATES, CPAs, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Petroleum Storage Tank Insurance Fund
Jefferson City, Missouri:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Petroleum Storage Tank Insurance Fund (a major fund of the State of Missouri) ("PSTIF"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the PSTIF's basic financial statements, and have issued our report thereon dated November 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PSTIF's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PSTIF's internal control. Accordingly, we do not express an opinion on the effectiveness of the PSTIF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PSTIF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Graves and Associates,
CPAS, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 17, 2015